

**REMARKS/ARGUMENTS**

Claims 1-20, as amended, remain herein.

1. The present Amendment is responsive to the third non-final Office Action of April 15, 2003. Both the first and the second Office Actions of October 23, 2002 and April 4, 2003, were withdrawn by the Examiner. (See the Interview Summaries for the interviews of December 10, 2002 and April 9, 2003, respectively.)

2. Applicant thanks Supervisory Primary Examiner Gail Hayes and Examiner Ronald Baum for the courtesies extended to her and her undersigned attorney during a personal interview on December 4, 2002. In view of this interview, the first Office Action of October 23, 2002, was withdrawn by the Examiner.

3. Applicant further thanks Examiner Baum for the courtesies extended to her and her undersigned attorney during a telephonic interview on December 10, 2002, and the courtesies extended to her and her undersigned attorney during a telephonic interview on April 9, 2003. In view of the telephonic interview of April 9, 2003, the second Office Action of April 4, 2003, was withdrawn by the Examiner.

4. The Title of the Invention and the Abstract of the Disclosure were found not to be descriptive. A substitute Title and a new Abstract, which are more descriptive,

are being provided herewith. Therefore, it is respectfully requested that the objections in this regard be withdrawn.

5. The disclosure was objected to for minor editorial informalities. The disclosure has been appropriately amended and is believed to be in full compliance. Therefore, it is respectfully requested that the objection to the disclosure be withdrawn.

6. Claims 1-20 were rejected under 35 U.S.C. § 112, first paragraph. In rejecting these claims, the Examiner stated the following:

The use of profile information, through storage, collection and modification is found in the claims. This profile information may comprise various fields of information and may be modified to include data from transactions. It is unknown if all the various stored profile information is to be collected from the person attempting the transaction or simply a subset of this information. Though a system unit is disclosed for collection of biometric data, a unit for collection and modification of profile data is not disclosed. One skilled in the art would not be able to determine how a system is to collect, store, and modify profile information in connection with the methods for obstructing a transaction, without undue experimentation, since details of such systems were not disclosed. (emphasis added).

Claims 1 and 14 have been amended to clarify that a portion of the profile information is obtained directly from a person wishing to negotiate a transaction.

With respect to the Examiner's objection that a unit for collection and modification of profile data is not disclosed, it is respectfully submitted that Claims 17-20 do not recite collection and modification of profile data. As to Claims 1, 7, 9-10 and

14, it is respectfully submitted that these are method claims reciting the aspects of obtaining profile information from a person wishing to negotiate a transaction, and updating the prestored profile information, if the person in step j) is obstructed, to include details of the transaction (Claims 9-10). In other words, independent Claims 1 and 14 recite obtaining profile information from the person wishing to negotiate a transaction, and Claims 9-10 are directed to updating the profile information if the person is obstructed in step j). Any suitable means may be utilized for this purpose. For example, a person wishing to negotiate a transaction may be asked to give his/her name, address, country of citizenship, etc. (Claim 7), or be asked to show his/her driver's license or passport to determine the profile information.

Likewise, the profile information may be updated in the same manner as it was initially stored (see paragraphs [0021], [0035], [0036], [0040], and [0041] of the disclosure). In this regard, it is respectfully submitted that one of ordinary skill in the art, presumed to have the knowledge of the prior art, would be able to follow the inventions of Claims 1, 7, 9-10 and 14 from a reading of the disclosure and the information in public domain with regard to collecting and modifying information about the profile of a person.

In view of the foregoing, it is respectfully submitted that Claims 1-20 are in full compliance with 35 U.S.C. § 112, first paragraph. Therefore, it is respectfully requested that the rejection of Claims 1-20 under 35 U.S.C. § 112, first paragraph, be withdrawn.

### REJECTIONS OVER PRIOR ART

7. Claims 1-4, 11, 12, 14-15, 17 were rejected under 35 U.S.C. § 103(a) as being unpatentable over "Pilot smartcard to roll out next year", Computimes Malaysia (8 October 1998) in view of Polansky, U.S. Patent Application Publication No. 2001/0045458, and further in view of "New System Speeds Travelers Through Immigration Points", The Oregonian, Oregonian Publishing Co., (May 25, 1997), and further in view of Hendry, Mike, Smart Card Security and Applications, Artech House, Inc., 1997. For the reasons discussed below, this rejection is respectfully traversed.

### THE INVENTION

Claims 1-16, as amended, are directed to a national security method which functions as a prerequisite to a person wishing to negotiate a transaction with another person, group, or entity in a population and selectively obstructing the person from negotiating a transaction, wherein an identifying biometric characteristic and profile information of each person in the population of a country is stored in individual portable data devices to be carried by the respective persons.

Under the claimed method, before a person can negotiate a transaction with another person, group, or entity in the population, his or her identity is **crosschecked**

(subparagraph f) of Claims 1 and 14) and **verified** (subparagraph h) of Claims 1 and 14). Further, the **status or validity** of the data device carried by the person is checked (subparagraph i) of Claims 1 and 14). If an unsuccessful result is obtained in **verification** or **crosschecking** steps, or the data device is determined to be **inactive**, the person is obstructed or barred from negotiating the transaction. In other words, before a person can proceed to negotiate a transaction with another person, group, or entity in the population of a country, the identity of the person must be verified and crosschecked, and the validity of the data device carried by the person must be checked. If no unsuccessful result is obtained in verification and crosschecking steps, and the data device is determined to be active, the person is allowed to proceed with the transaction. For example, if a person wishes to purchase an airline ticket, that person must first satisfy the verifying and crosschecking steps for checking the identity of the person, and the validity step for the data device carried by the person, before that person may proceed to purchase the airline ticket by tendering cash or by a credit card, or some other payment method. As a result, the claimed method functions as a prerequisite to conventional transaction systems where, for example, a credit card or other security card is used to obtain goods or services, or to gain access to a building or facility. See paragraphs [0013] and [0028] of the disclosure.

Accordingly, if a person is obstructed from negotiating a transaction under the claimed method, that person cannot negotiate **any** transaction with **anyone** in the population. This inability of that person to negotiate any transaction with anyone in the population, immobilizes that person as he/she becomes unable to function in a

population (see paragraph [0044] of the disclosure). Since everyone in the population of a country is required to carry a portable data device under the present invention, a person cannot function in the society if his or her identity cannot be verified or crosschecked, or if the data device is determined to be inactive.

Claim 17, as amended, is directed to a national security system for obstructing a person from negotiating a transaction with another person, group, or entity in a population, wherein a national security card is carried by each person in the population of a country. The national security card includes prestored profile information of a person carrying the card and an identifying biometric characteristic unique to that person. The national security system of the invention **verifies** the identity of a person wishing to negotiate a transaction (subparagraph d) of Claim 17), **crosschecks** the identity of the person (subparagraph g) of Claim 17), and determines **active or inactive** status of the national security card. If the national security card is found to be inactive, that person is obstructed from negotiating **any** transaction with **any** person, group, or entity in the population. Accordingly, if the national security card carried by a person is determined to be inactive, that person can no longer function in the population and is therefore immobilized.

In summary, the claimed method and system functions as a prerequisite and obstructs a person from negotiating a transaction if that person's identity cannot be verified or crosschecked, or if the data card carried by that person is determined to be inactive. The person so obstructed cannot negotiate any transaction with anyone in the

population of a country. Since the person cannot negotiate any transaction, that person cannot obtain any goods or services with another person, group, or entity in the population. For instance, an obstructed person would not even be able to purchase items of daily needs, such as gasoline, groceries, clothing, etc. The inability of the person to negotiate any transaction with anyone in the population immobilizes that person in the society as that person would be unable to survive in the absence of items of daily needs, as well as other items and/or services.

It is respectfully submitted that none of the references teach or suggest the claimed invention, alone or in any combination thereof.

In particular, it is respectfully submitted that the references of record do not teach or suggest a national security method or system which functions as a prerequisite to a person wishing to negotiate a transaction, wherein each person in the population of a country must carry a national security card, which card is used to verify and crosscheck the identity of the person prior to negotiating a transaction with another person, group, or entity in the population.

## DISCUSSION

The primary reference, Computimes Malaysia (hereinafter "Malaysia"), discusses implementation of a national multi-purpose smartcard (MPC) which is optional for

anyone wishing to use it for the purpose of convenience (see page 1, ¶ 4 from the bottom). In contrast, the present invention requires that a data device or a national identification card be carried by each person in the population of a country. Therefore, it is respectfully submitted that Malaysia teaches away from the present invention. For this reason alone, Claims 1-20 are not obvious over the cited references. In re Gurley, 31 USPQ 2d 1130 (Fed. Cir. 1994).

Further, the Examiner admitted that Malaysia “does not disclose the specific details for implementing the smart card as part of the invention of Claim 1.” (emphasis added) and cited Polansky. See page 4, ¶ 7, of the Office Action.

Polansky (U.S. Patent Application Publication No. US 2001/0045458 A1) discloses a method and device for verifying an authorized user of a credit/identification card via Internet utilizing a biometric miniature autonomous fingerprint capture and verification system device. It is respectfully submitted that Polansky is not directed to providing a national security system or method, and there is no teaching or suggestion in Polansky that its card be carried by each person in the population of a country. Polansky’s card is merely directed to a credit/identification card “which is specifically related to Internet electronic commerce,” (emphasis added) (see paragraph [0003], lines 7-8). Further, Polansky’s system functions to reject the card (see paragraphs [0027], [0031], [0032] and [0033]). In contrast, the present invention functions to obstruct a person from negotiating a transaction, as it is a prerequisite to negotiating a transaction with another person, group, or entity in a population.



In the present invention, if the data device or card is determined to be inactive, the person is barred from negotiating any transaction with any person, group, or entity in the population. Polansky, on the other hand, merely rejects the card, and therefore, prevents only those transactions that may be conducted by using that particular card. The present invention obstructs the person by barring all transactions with all the persons, groups, or entities in the population. Therefore, Polansky's teachings are completely different from the present invention.

Moreover, it is respectfully submitted that there is no teaching or suggestion in Malaysia or Polansky to combine their teachings in the manner suggested by the Examiner. As the Federal Circuit has stated:

In holding an invention obvious in view of a combination of references, there must be some suggestion, motivation, or teaching in the prior art that would have led a person of ordinary skill in the art to select the references and combine them in a way that would produce the claimed invention. When the patent invention is made by combining known components to achieve a new system, the prior art must provide a suggestion, or motivation to make such a combination. It is insufficient that the prior art disclosed the components of the patented device, either separately or used in other combinations; there must be some teaching, suggestion, or incentive to make the combination made by the inventor. (emphasis added) (citations omitted).

Karsten Manufacturing Corp v. Cleveland Golf Co., 242 F.3d 1376, 58 USPQ2d 1286 (Fed. Cir. 2001).

In this regard, it is submitted that that PTO has the burden under § 103 to establish a prima facie case of obviousness. It can satisfy this burden only by showing some objective teaching in the prior art or knowledge generally available to one of ordinary skill in the art that would lead that individual to combine the relevant teachings of the references. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988). A prima facie case of obviousness is established when the teachings from the prior art itself would appear to have suggested the claimed subject matter to a person of ordinary skill in the art. In re Rijckaert, 9 F.3d 1531, 28 USPQ2d 1955 (Fed. Cir. 1993).

Further, a showing of a suggestion, teaching, or motivation to combine prior teaching must be clear and particular, and it must be supported by actual evidence. Teleflex Inc. v. Ficosa North Am. Corp., 299 F.3d 1313, 63 USPQ 1374 (Fed. Cir. 2002) and In re Dembiczak, 175 F.3d 994, 50 USPQ2d 1614 (Fed. Cir. 1999).

In order to prevent the use of hindsight, the Federal Circuit has stated:

In order to prevent a hindsight-based obviousness analysis, we have clearly established that the relevant inquiry for determining the scope and content of the prior art is whether there is a reason, suggestion, or motivation in the prior art or elsewhere that would have led one of ordinary skill in the art to combine the references. (citation omitted).

Ruiz v. A.B. Chance Co., 234 F.3d 654, 57 USPQ2d 1161 (Fed. Cir. 2000).

As the Examiner admitted, Malaysia does not disclose the specific details for implementing the smart card as part of the present invention. In other words, Malaysia

merely discloses a naked concept without any details for implementing its national multi-purpose smartcard. Therefore, Malaysia is not enabling and cannot be used as reference. Reading & Bates Construction Co. v. Baker Energy Resources Corp., 748 F.2d 645, 223 USPQ 1168 (Fed. Cir. 1984).

Further, it is submitted that it is purely conjecture and improper use of hindsight that one of ordinary skill in the art would combine the teachings of Polansky with Malaysia. The Examiner has not provided any evidence in these references in support of the combination, absent the Applicant's invention. Malaysia is directed to a national multi-purpose card with applications such as national identity (ID) card, driving license, immigration and medical, and electronic cash, and Polansky is directed to a credit/identification card. Why one of ordinary skill in the art would combine the teachings of Polansky, without improperly using the Applicant's invention as a template, is not shown.

A well-established principle of patent law is that the decision-maker is forbidden to "pick and choose among the individual elements of assorted prior art references to recreate the claimed invention". Smithkline Diagnostics v. Helena Laboratories Corp., 895 F.2d 878 (Fed Cir. 1988). The Federal Circuit in Smithkline stated:

A holding that combination claims are invalid merely upon finding similar elements in separate prior art patents would be 'contrary to statute and would defeat the congressional purpose in enacting Title 35'.

Rather, the proper analysis in an obviousness inquiry is of the claimed invention and the prior art teaching as a whole. The extraction of a particular feature from a prior art reference and excluding the overall teachings of a reference is clearly impermissible under the law. A prima facie finding of obviousness requires that the prior art references themselves provide a basis for the modification or combination, that those modifications will result in the claimed invention "as a whole". In other words, the Applicant's disclosure may not be used "as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims in suit." Green Processing Corp. v. American Maize-Products, 840 F.2d 902 (Fed. Cir. 1988). In this regard, the Federal Circuit has stated:

[I]t is impermissible to use the claimed invention as an instruction manual or 'template' to piece together the teachings of the prior art so that the claimed invention is rendered obvious... This court has previously stated that '[o]ne cannot use hindsight reconstruction to pick and chose among isolated disclosures in the prior art to deprecate the claimed invention.' (emphasis added).

In re Fritch, 972 F.2d 1260, 23 USPQ2d 1780 (Fed. Cir. 1992).

In conclusion, "the motivation to combine references cannot come from the invention itself." Heidelberger Druckmaschinen AG v. Hantscho Commercial Products, Inc., 21 F.2d 1068, 30 USPQ2d 1377 (Fed. Cir. 1993).

It is submitted that in view of the lack of details in Malaysia, one of ordinary skill in the art would not be motivated, and may even be discouraged, to combine the

teachings of the two references. This is particularly true since Malaysia is deficient in the specific details for implementing its national multi-purpose smartcard, and Polansky is merely directed to a credit card which also verifies the identity of an authorized user (see paragraph [0003]). Further, as noted above, Malaysia's card teaches away from the present invention. Therefore, Malaysia and Polansky cannot be combined, as suggested by the Examiner, to render the claimed invention obvious. In re Haruna, 249 F.3d 1327, 58 USPQ 1517 (Fed. Cir. 2001).

Accordingly, it is respectfully submitted that Polansky's system does not teach or suggest the present invention, and further does not supply the deficiencies of Malaysia.

It is further respectfully submitted that the Malaysia-Polansky combination, even if combined, would not produce the claimed invention since as the Examiner himself admitted that combination fails to disclose obtaining the profile information from the user (steps g) and h) of Claims 1 and 14). See page 5, ¶ 2 of the Office Action.

On page 5, paragraph 3, of the Office Action, the Examiner asserted that:

[I]t is well known for INS officials to obtain profile information from passengers entering the United States in order to prevent criminals and illegal aliens from entering the country and official notice is taken of such.

The Examiner further asserted that "motivation exists to obtain profile information from a user in an automated as well as a non-automated environment as the problem in both environments would be the same." See page 5, ¶ 4, of the Office Action.

It is respectfully submitted that the Examiner's assertions are contrary to the law.

The Federal Circuit In re Zurko, 59 USPQ 2d 1693 (Fed. Cir. 2001) opined:

With respect to core factual findings in a determination of patentability, however, the Board cannot simply reach conclusions based on its own understanding or experience -- or on its assessment of what would be base knowledge or common sense. Rather, the Board must point to some **concrete evidence** in the record in support of the findings. (emphasis added).

Id. at 1697.

It is respectfully submitted that there is no teaching or suggestion in the record for the Examiner's findings. Therefore, the Examiner's assertions fail as a matter of law and should be withdrawn.

In view of the deficiency in the Malaysia-Polansky combination of obtaining the profile information directly from the user, the Examiner cited The Oregonian (hereinafter "Oregonian"), which discusses an automated system for speeding passengers through immigration checkpoints and spotting security threats at airports. Oregonian states that:

After the test period, travelers will be able to enroll in the Fastgate system through participating airlines or credit card companies. They will provide their names, addresses, dates of birth and passport numbers, and record their fingerprints or voice prints at the airport. After that, a passenger can insert a card into a biometric reader and answer a few questions on a touch screen. Fastgate will then retrieve the passenger's information from the IBM-managed database and compare the biometric information to verify identity.

Id. at page 1, ¶¶ 3 and 7.

The Examiner stated that “[t]he [Oregonian] system functions to require answers to questions to be stored in a central database.” (See page 5, ¶ 5 of the Office Action). It is submitted, however, that Oregonian merely states that a passenger answers a few questions on a touch screen after inserting a card into a biometric reader, after which Fastgate retrieves the passenger’s information from the IBM-managed database and compares the biometric information to verify identity. There is no teaching in Oregonian for requiring that the answers to questions be stored in a central database.

The Examiner further stated that “[a]fter entering biometric information, the user is asked the same questions, and those answers are compared to the central database.” (emphasis added) (see page 5, ¶ 5, of the Office Action). It is submitted that Oregonian merely states that a passenger answer a few questions. There is no teaching indicating that the user is asked the same questions.

In other words, it is not known, with any reliable certainty, from a reading of Oregonian, as to what information is initially provided by a traveler to enroll in the Fastgate system, what information is on the card, and what questions are to be answered by the traveler. For instance, Oregonian states that travelers will provide names, addresses, etc..., and record the fingerprints at the airport. Is this done during the enrollment phase or when the person is at the airport prior to taking a flight for travel? Oregonian further states that after a passenger inserts a card into a biometric

reader and answers a few questions, its Fastgate system retrieves the passenger's information from the database and compares the biometric information to verify identity.

It is not clear if the passenger's information includes profile information, biometric information, or both. It is submitted that obviousness cannot be predicated on what is unknown. In re Rijckaert, 9 F.3d 1531, 28 USPQ2d 1955 (Fed. Cir. 1993) and In re Newell, 891 F.2d 899, 13 USPQ2d 1248 (Fed. Cir. 1989). Accordingly, it is respectfully submitted that Oregonian is deficient in the teachings relied on by the Examiner and cannot be used in support of the suggested combination.

Further, it is submitted that the Fastgate system of Oregonian is very different from the claimed system. More specifically, as the Examiner admitted, Oregonian does not teach storing the profile information on the card itself (see page 6, ¶ 1, of the Office Action). In this regard, the Examiner stated that "as disclosed in Polansky, not only would the person of ordinary skill in the art have been concerned with authenticating the identification card user, but the identification card as well," (see page 6, ¶ 2, of the Office Action). Accordingly, the Examiner concluded that the profile information would be stored in a central database as well as on the card to be obtained from both these sources.

It is respectfully submitted that absent any teaching in the prior art, the suggested combination cannot be made without resorting to the improper use of hindsight. It is submitted that Oregonian is not concerned with authenticating the identification card, and Malaysia-Polansky are not concerned with obtaining profile



information from the user. As noted above, there is no teaching or suggestion in either of these references to combine in the manner suggested by the Examiner. Therefore, Malaysia, Polansky and Oregonian cannot be combined in the manner suggested by the Examiner.

The Examiner further concluded that "Polansky's teachings conform to steps a-g) and j) of Claim 1 of applicant's invention, while Oregonian teachings conforms to step h)." (See page 6, ¶ 3, of the Office Action). Applicant respectfully disagrees.

Step h) of Claim 1, for example, recites that the identifying characteristic and the profile information obtained from the portable data device carried by the person be compared with the profile information and biometric characteristic obtained directly from the person. As the Examiner himself admitted, Oregonian fails to teach storing the profile information on the card. Therefore, it is not understood by the Applicant how step h) of Claim 1 is satisfied by Oregonian.

Further, as the Examiner admitted in paragraph 2, on page 5, of the Office Action, that the "Malaysia-Polansky combination fails to disclose obtaining the profile information from the user (step g) of the claimed invention." (emphasis added). Further, step j) of Claim 1 recites obstructing a person if either steps f) or h) are not satisfied. Step h) recites comparing the identifying characteristic and the profile information obtained in steps e) and g). Therefore, it is not understood by the Applicant how Polansky's teachings conform to steps a-g) and j) of Claim 1.

It is further respectfully submitted that participation in the Oregonian system is “purely voluntary.” (See page 1, ¶ 8). In other words, Oregonian does not require that a card be carried by each person in the population of a country. The Fastgate system of Oregonian is, therefore, optional, and available only through participating airlines or credit-card companies. On the other hand, the claimed invention requires that the national security card or portable data device be carried by each person in the population of a country. As noted above, in an obviousness analysis based on a combination, the teachings of the references must be considered as a whole. The Examiner cannot pick and choose among the individual elements of assorted prior art references to recreate the claimed invention. See Smithkline Diagnostics, supra. As noted, participation in the Oregonian’s system is voluntary, while participation in the claimed invention is not. Therefore, Oregonian also teaches away from the claimed invention and cannot be combined with Malaysia and Polansky to render the claimed invention obvious. Accordingly, it is respectfully submitted that Oregonian also does not supply the deficiencies of Malaysia and Polansky, and cannot be combined therewith to reject the claims.

The Examiner further admitted that the Malaysia, Polansky, and Oregonian combination fails to teach the use of determining an active or inactive status of the data device (see page 7, ¶ 1, of the Office Action). However, the Examiner cited Hendry for its blocking feature to make the smart card of the combination inactive if misuse were detected (see page 7, ¶ 3, of the Office Action).

It is respectfully submitted that in the present invention an active or inactive status of the data device is determined in each instance of a person wishing to negotiate a transaction, not after a misuse is detected or a card has been reported to be lost or stolen. As the Examiner noted, if a stolen or misused card is detected in Hendry, the terminal or host computer system can set flags that will block either the application or the entire card. In addition, Hendry requires that a card be first lost or stolen, and then reported as such by the card holder in order for its system to block either the application or the entire card (see the section labeled "Detection" on page 138 of Hendry). In the event, the card holder does not report the loss, or in the case of misuse, the scheme operator must analyze incoming transactions to spot unusual patterns. This requires analysis by a scheme operator to determine if a card or the application should be blocked. Accordingly, Hendry requires a subjective analysis by a scheme operator to spot unusual patterns, or a precondition must be satisfied, i.e., the card must have been known to be lost or stolen. No such subjective analysis by the operator or precondition is required in the present invention. In contrast, one of the purposes of the invention is to detect whether or not the data device or the card is stolen or being misused by a person other than the rightful holder by verifying and crosschecking the cardholder's identity, without requiring a notification of a loss of the card.

The teachings of Hendry are, therefore, completely different from the aspect of the present invention wherein the status of the data device is determined in each instance of a person wishing to negotiate a transaction. Accordingly, it is respectfully

submitted that Hendry does not supply the deficiency of determining an active or inactive status of the data device, as suggested by the Examiner.

Further, it is respectfully submitted that Hendry does not necessarily block the entire card. In other words, Hendry blocks "either the application or the entire card." (See the section labeled "Block and unblock", on page 139 of Hendry). Therefore, if the entire card is not blocked, the user has the option to use the same card for other applications. No such option is allowed in the present invention. If the data device of the present invention is found to be inactive, the person is barred from negotiating any transaction with any person, group, or entity in the population. Accordingly, it is respectfully submitted that Hendry does not supply the deficiencies of Malaysia, Polansky, and Oregonian.

The Examiner further asserted that:

[O]ne skilled in the art would have been motivated to block use of a counterfeit multipurpose card in other applications (i.e., drivers license and medical to prevent additional fraud. Hendry provides the obvious way to do so in the Malaysia-Polansky-Oregonian combination.

See page 7, ¶ 3, of the Office Action.

As noted above, Hendry blocks either the application or the entire card only after a card has been reported lost or stolen, or is detected to be misused. The present invention, on the other hand, is directed to a national security method which functions as a prerequisite to a person wishing to negotiate a transaction with another

person, group, or entity in a population, and obstructing the person from negotiating the transaction if, for example, the card carried by the person is found to be inactive. The determination of an active or inactive status of the data device is preformed in each instance of a person wishing to negotiate a transaction, not after a card has been reported to be lost or stolen, or is misused. Therefore, it is respectfully submitted that Hendry does not supply the deficiencies of Malaysia, Polansky, and Oregonian.

Finally, the Examiner asserted that:

[I]t would have been obvious to notify law enforcement authorities in the use of driver's license (e.g., a police officer) and immigration (e.g., INS official) if an invalid card were being used or if the comparisons set forth in Polansky fails. In fact, Polansky discloses rejection of the card, see Fig. 1.

See the paragraph bridging pages 7-8 of the Office Action.

The Examiner further asserted that "it would have been obvious to let an official using the Polansky system [know] that the card is rejected." Id. Alternately, the Examiner argued that "rejection of the card is notification that at least the comparisons in the combination failed." See page 8, ¶ 2, of the Office Action.

It is respectfully submitted that the present invention requires an affirmative step of notifying an appropriate authority if the status of the data device is determined to be inactive. It is not understood by the Applicant how it would have been obvious to notify law enforcement authorities involved in the use of driver's license and immigration if an invalid card were being used or the comparisons set forth in Polansky failed. As noted

above, the Federal Circuit in In re Zurko required that the PTO cannot reach conclusions based on its own understanding or experience, or on its assessment of what would be base knowledge or common sense. Some concrete evidence in the record in support of the findings must be provided.

With respect to Claim 14, the Examiner asserted that:

[I]t would have been obvious that blocking one application would not necessarily result in blocking of others (e.g., blocking of the POS application does not mean that the user should be prohibited from using the ATM). Hendry provides the suggestion for blocking by application. (emphasis added).

See paragraph 12 of the Office Action.

The Examiner's position appears to be that the Malaysia, Polansky, Oregonian, and Hendry combination teaches that if a person is obstructed from negotiating a transaction in one application, that does not necessarily result in that person from being obstructed to negotiate another transaction in another application. It is submitted that in view of the Examiner's position, Claim 14 is clearly nonobvious.

In the present invention, a person obstructed from negotiating a first transaction is obstructed from negotiating a second or subsequent transaction with another person, group, or entity in a population if his or her identity fails to be verified or crosschecked, or if the data card carried by that person is inactive. In other words, if a person has been obstructed in negotiating a first transaction in one application, that person under Claim 14 of the present invention, would be obstructed from negotiating a second or

subsequent transaction if his or her identity cannot be verified or crosschecked, or if the data card has been found to be inactive, just as in the first transaction. Stated another way, if a person has been obstructed from negotiating a first transaction, that person would necessarily be obstructed from negotiating a second or subsequent transaction, whether the second or subsequent transaction is the same or different application, because the present method functions as a prerequisite to a second or subsequent transaction. In other words, different criteria for authentication for different applications, such as ATM, credit card, e-commerce, POS, medical, immigration and driver's license, as noted by the Examiner, are irrelevant because a person wishing to negotiate a transaction is first validated by following the claimed method, and then proceeds to negotiate the transaction itself, for example, ATM, immigration, etc. Thus, if a person cannot be validated in accordance with the steps of the claimed method, that person does not proceed to the second step of negotiating the transaction itself at which point any criteria for the transaction, such as ATM, might become relevant. However, the claimed method is directed to the first prerequisite step in negotiating the transaction. Therefore, a person obstructed by the claimed method would be barred from negotiating any transaction with anyone in the population.

As the Examiner asserted, the Malaysia, Polansky, Oregonian, and Hendry combination would not necessarily result in blocking one application in blocking of others, which is opposite to the claimed invention. Therefore, it is respectfully submitted that the Malaysia, Polansky, Oregonian, and Hendry combination teaches

away from the method of Claim 14. Accordingly, it is submitted that Claim 14 is not obvious over Malaysia, Polansky, Oregonian, and Hendry. See In re Gurley, supra.

With respect to Claims 15-16, the Examiner asserted that the multiapplication card of Malaysia, in view of Polansky, could be used in an ATM (Automatic Teller Machine) environment, wherein funds are presented for choice in pre-determined increments, i.e., 20, 40, 60. (See paragraph 13 of the Office Action). The Examiner further asserted that:

If the amount of funds available are inadequate for a first amount selected from the menu, the transaction would be obstructed and if a second amount requested during a subsequent visit to the ATM were more than the total amount of funds requested, this transaction would likewise be obstructed.

Id.

It is respectfully submitted that being obstructed to withdraw funds due to insufficient funds in a person's account, is very different from the claimed invention. In particular, in the claimed method, a person is obstructed because his or her identity cannot be verified or crosschecked, or because the data card carried by that person is inactive. No comparison is made between the amount of the transaction and any amount available for withdrawal in that person's account. Any amount of funds in a person's account, available for withdrawal, is totally irrelevant. In the analogy drawn by the Examiner, the transaction is obstructed because insufficient funds are available for withdrawal, not because the person's identity cannot be verified, crosschecked, or if the



data card carried by that person has been found to be inactive, as in the present invention.

In addition, as noted in Claim 15, the value of the second or subsequent transaction is lower than the value of the first or previous transaction by a predetermined amount, for example, \$50.00 (Claim 16). The Examiner has provided no evidence indicating such requirement in an ATM environment, or any environment. See In re Zurko, supra.

With respect to Claim 17, it is respectfully submitted that none of the references of record are directed to a national security system where a national security card is carried by each person in the population of a country. As noted above, Malaysia and Oregonian cards are optional or voluntary, and Polansky merely discloses a financial card. Hendry, on the other hand, requires pre-notification or detection that the card is stolen, lost, or being misused. As noted above, the combination suggested by the Examiner cannot be made, without a teaching or suggestion for such, in the absence of the Applicant's disclosure; and, even if made, would not result in the present invention. Therefore, it is submitted that Claim 17 is not obvious over the cited references.

It is further respectfully submitted that Claims 2-4 and 11-12, depending from and including all the limitations of independent Claim 1, are also not obvious over the cited references, for the reasons discussed above.

In view of the foregoing, it is respectfully submitted that Claims 1-4, 11-12, 14-15 and 17 are not obvious over "Pilot smartcard to roll out next year", Computimes

• Malaysia (8 October 1998), Polansky, U.S. Patent Application Publication No. 2001/0045458, "New System Speeds Travelers Through Immigration Points", The Oregonian, Oregonian Publishing Co., (May 25, 1997), and Hendry, Mike, Smart Card Security and Applications, Artech House, Inc., 1997. Therefore, it is respectfully requested that the rejection of Claims 1-4, 11-12, 14-15 and 17 under 35 U.S.C. § 103(a) over these references be withdrawn.

8. Claims 5-10, 13, and 18-20 were rejected under 35 U.S.C. § 103(a) over Computimes Malaysia in view of Polansky, Oregonian and Hendry as applied to Claim 4, and further in view of Drexler (U.S. Patent 5,457,747).

Claims 5-10 and 13 depending from and including all the limitations of independent Claim 1, and Claims 18-20 depending from and including all the limitations of independent Claim 17, are not obvious over the cited references in view of the arguments provided above. Therefore, it is respectfully submitted that Claims 5-10, 13, and 18-20 are allowable. Accordingly, it is respectfully requested that the rejection of Claims 5-10, 13 and 18-20 under 35 U.S.C. § 103(a) over Malaysia, Polansky, Oregonian, Hendry, and Drexler et al. be withdrawn.

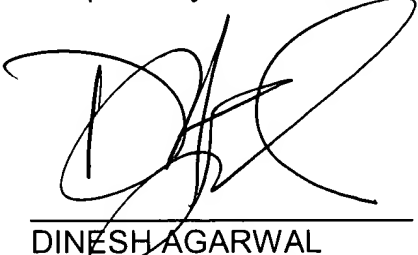
**CONCLUSION**

In view of the above, it is respectfully submitted that all pending Claims 1-20 are allowable. Withdrawal of all the objections and rejections and allowance of these claims are respectfully solicited.

It is believed that no fee is due for this submission. However, should that determination be incorrect, the Commissioner is hereby authorized to charge any deficiencies, or credit any overpayment, to our Deposit Account No. 01-0433, and notify the undersigned in due course.

Should the Examiner have any questions or wish to discuss further this matter, please contact the undersigned at the telephone number provided below.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'D. Agarwal', written over a horizontal line.

DINESH AGARWAL  
Attorney for Applicant(s)  
Reg. No. 31,809

Law Office - Dinesh Agarwal, P.C.  
5350 Shawnee Road, Suite 330  
Alexandria, Virginia 22312  
Telephone: (703) 642-9400  
Fax: (703) 642-9402

DA/mt